

EXECUTIVE SUMMARY OF THE RUSSIA COUNTRY RISK ASSESSMENT

The Russia Human Rights & Business Country Risk Assessment (CRA)

The Russia Human Rights & Business Country Risk Assessment (CRA) provides a detailed assessment of Russia's human rights standards and practice, along with guidance to companies on how to evaluate and adjust their business practices to ensure compliance with international human rights standards when operating in Russia. The CRA focuses on documenting and assessing risks that are particularly relevant in a business context, and provides a systematic and in-depth overview of sensitive human rights areas within the legal, political, social and cultural fields in Russia. The CRA has been carried out as desk research using a wide range of recognised information and sources.

The CRA builds on twenty rights drawn from the Universal Declaration of Human Rights. Each right is examined from a corporate perspective in three different categories: i) Formal Law; ii) Societal Practice; and iii) Company Risk. The CRA is modelled on a red-light/green-light rating system and each right is assigned a rating in the Company Risk category, which determines the corporate risks for engaging in human rights violations. The CRA can be used as an independent tool, as well as in conjunction with the Human Rights & Compliance Assessment (HRCA) to help the company localise and streamline its internal compliance processes.

The results of the CRA produced the categorisation of 11 human rights as high-risk areas, 8 human rights as medium-risk areas and 2 human rights as low-risk areas for companies operating in Russia. The following presents the overall results of the CRA, including a short description of each right. The full CRA offers a detailed, in-depth description of each right and its violations in law and practice.

COMPANY RISK

The following rights received a red rating in the company risk category in the CRA, which indicates that these human rights constitute high-risk areas for companies operating in Russia. A short assessment of each right follows below.

- Right to Freedom from Discrimination (art. 2)
- Right to Life, Liberty and Security of Person (art. 3)
- Right to Freedom from Forced Labour and Servitude (art. 4)
- Right to Freedom of Movement (art. 13)
- Right to own Property (art. 17)
- Right to Take Part in Government (art. 21)
- Right to Peaceful Assembly and Freedom of Association (art. 20 and 23)
- Right to Work and Just and Favourable Conditions of Work (art. 23, 24 and 25)
- Right to an Adequate Standard of Living (art. 22)
- Right to Health (art. 25)
- Right to Adequate Food (art.25)

Right to Freedom from Discrimination (art. 2) constitutes a high-risk human rights area in Russia. Laws prohibiting discrimination against women, ethnic minorities, the disabled, homosexuals and persons living with HIV/AIDS are not enforced, and discrimination against vulnerable groups is widespread and systematic. Many of these groups are subject to physical violence as well as employment discrimination. Ethnic Russians are favoured in nearly all aspects of Russian life and Roma, Central Asians and people from the North Caucasus regions face unfavourable treatment by the government and in society at large. More than two-thirds of unemployed people in Russia are women and the UN has reported concern about a high wage discrepancy between women and men as well as the widespread sexual harassment and general working conditions for women in Russia. Disabled people also face high unemployment and are subjected to discriminatory treatment in areas of education, voting, services and government assistance. Company proximity to the violations of this right is high due to its close relationship to employment.



Right to Life, Liberty and Security of Person (art. 3) is a high-risk area in Russia. In spite of good protection provided by the law, numerous violations take place in practice. The police and security forces in Russia have a poor human rights record, and violations such as disappearances torture and irregular detentions are reported. Moreover, organised crime is a widespread and serious problem in Russia and there is a high level of kidnappings, murders and criminal attacks on business peoples. Companies may need to protect employees or company property with security arrangements, however thereby increasing the proximity to violations committed by public or private security guards.

Right to Freedom from Forced Labour and Servitude (art. 4) is a high-risk human rights area in Russia. Though prohibited by law, forced and bonded labour, including trafficking, violations of this right are rampant in Russia, and companies have a high likelihood of interacting with contractors or suppliers who exploit employees with regard to working hours or compensation. The ILO estimates that there are about 1 million workers in forced-labour conditions in Russia. People trafficked into Russia often work in the sex trade or in construction, agriculture, industry or as domestic servants. Central Asian migrant workers are particularly vulnerable with regard to forced and bonded labour.

The Right to Freedom of Movement (art. 13) is a high-risk human rights area in Russia and the right is continuously violated in Russia. Complicated residence registration procedures prevent people from moving freely, affecting particularly vulnerable groups in the population. Moreover, it is estimated that Russia hosts approximately 5 million illegal migrant workers, of which the ILO estimates that one million is subjected to forced labour conditions. Company proximity to this right is high due to the potential employment of migrant workers in the supply chain and/or contractors and other business partners.

The Right to Own Property (art. 17) is a high-risk human rights area in Russia. Protection of private property in Russia is reportedly weak. The judicial system is unpredictable and corrupt and contracts are difficult to enforce. Furthermore, forced evictions of Roma are widespread throughout the country and Russia's indigenous peoples have experienced serious violations of their property rights. Company risk in this area consists of the provision of land and the securing of government contracts.

Right to Take Part in Government (art. 21) is a high-risk area due to Russia's widespread corruption. Russia is considered one of the world's most corrupt countries. On Transparency International's Corruption Perception Index, Russia was ranked 127th out of 159 countries with a score of 2.4 out of 10. Trade policy, monetary policy, poor foreign investment environment, corrupt banking and finance, weak property rights, over-regulation and a large informal market were all reasons for the low ranking. While Russia is officially a democracy, the current president, Vladimir Putin, has undertaken a number of measures that have consolidated his executive seat significantly. In 2005, Freedom House changed Russia's rating from 'partly free' to 'not free' for the first time in since 1991, and the legislative elections in December 2007 were deemed 'unfair' by the OSCE.

Right to Peaceful Assembly and Freedom of Association (art. 20 and 23) constitutes a high-risk area in Russia. While the right to assemble peacefully is usually respected in practice in Russia, only Russian citizens are provided with this right and procedural roadblocks sometimes prevent gatherings from taking place. Furthermore, the right to strike is limited in law, and anti-union activities, such as discrimination and harassment are reportedly common. Company risk in this area mostly deals with workers being barred from criticising their employer, organising into unions, or engaging in collective bargaining.

Right to Work and Just and Favourable Conditions of Work (art. 23, 24 and 25) poses a high company risk. In spite of comprehensive legislation in the area of labour, many violations are reported. The unemployment rate in Russia is high, particularly among young people, women, the elderly and persons with disabilities. The legal standards on working hours, overtime, safe and healthy working conditions are often violated in practice and non-payment of wages continues to be the most common labour law violation. Company risk in this area includes numerous dimensions of employment practices and workplace conditions.



Right to an Adequate Standard of Living (art. 2) is a high-risk area for company operations in Russia due to the proximity between implementation of this right and the company's payment policies and practices. Although the economic situation in Russia has improved in overall terms, the number of people living in poverty is still high and according to the World Bank, 20 percent of the population live below the poverty line. The minimum wage, set at regional level, is reported to be inadequate to provide a decent standard of living for a worker and his/her family.

Right to Health (art. 25) constitutes a high-risk area in Russia. While the legislation provides good protection and the government officially provides health services for all citizens, the medical system is under severe financial strain and hospitals facilities are in many cases run down. With regard to occupational health and safety, Russia has a high rate of workplace injuries and fatalities and workers are often not adequately compensated. Company risk lies mostly in the area of occupational health and safety.

Right to Adequate Food (art.25) is a high-risk area for companies due to its connection with environmental damage. Even though Russia has good environmental protection laws, Russia faces a considerable number of environmental problems, including industrial air pollution, rapidly increasing auto emissions, radioactive waste and contamination, water pollution and poisoned groundwater and constant small oil spills due to unauthorised drilling. Many of these problems threaten the health, living standards including food security of people living in contaminated areas. Company risk in this area consists of pollution of air, soil and water, as well as waste management and food provision.

COMPANY RISK

The following rights received a yellow rating in the Company Risk category in the Russia CRA, indicating that these human rights constitute medium-risk areas for companies operating in Russia. A short description of each right follows below.

- Right to Privacy (art. 12)
- Right to Family Life (art. 16)
- Right to Freedom of Opinion, Expression, Thought, Conscience, and Religion (art. 18 and 19)
- Right to Adequate Housing (art. 25)
- Right to Education (art. 26)
- Right to Participate in Cultural Life (art. 27)
- Right to Education (art. 26)
- Right to Intellectual Property (art. 27)

Right to Privacy (art. 12) is categorised as a medium-risk human rights area in Russia. Some violations of this right has been reported by human rights groups: the government monitors internet activity and carries out communication surveillance of citizens; authorities do not always observe protective provisions with regard to entering a private residence, and illegal distribution of data on private persons and organisations take place regularly. Company risk in this area mainly consists of the administration of confidential data with regard to employees, clients, consumers and other stakeholders.

Right to Family Life (art. 16) is a medium-risk area in Russia. While the right receives adequate protection in the Constitution, the Labour Code and other laws, violations are carried out in practice. Parental leave in Russia is nearly exclusively by women, which has created a situation where employers are discouraged from hiring women, and few companies have retaining programmes for women returning after maternity leave. Children's rights in Russia constitute a serious problem, with an increasing number of homeless children and children living below the poverty line. Company risk in this area concerns the areas of child labour and maternity benefits.



Right to Freedom of Opinion, Expression, Thought, Conscience, and Religion (art. 18 and 19) is a medium-risk area for companies in Russia. Freedom of the press is continuously undermined in Russia; censorship is systematic and journalists increasingly experience severe limitations on their freedom of expression. Human Rights defenders are likewise confronted with difficulties and are subjected to threats, attacks as well as various administrative and judicial types of harassment. Company proximity to these violations is not high, but companies must ensure that critics of policies or trade union officials are not harassed, intimidated, or silenced.

Right to Adequate Housing (art. 25) is rated a medium-risk human right in Russia. Russia face a number of problems with regard to the realization of this right: housing shortages are an ongoing problem in Russia, particularly in large cities; almost one-third of Russians reportedly do not have running water or electricity; and forced evictions of Roma people are reportedly often carried out by the government. Company risk in this area deals with the forced relocations of Roma people, however proximity to these violations, is isolated to instances where operations would push communities out of housing, or where the company take on the responsibility for housing its employees.

Right to Education (art. 26) is a medium-risk area for companies operating in Russia. The law prohibits the employment of children below 16 years of age and child labour has not previously been a problem in Russia. However, the fraying social safety net that has accompanied Russia's rapid capitalist shift has increased poverty considerably, making children more prone to taking jobs – and being exploited – than before. Children are trafficked within Russia and most often end up in urban areas as street vendors, car washers, delivery boys, trash collectors or beggars. Even though companies should remain vigilant with regard to child labour in the supply chain, child labour is primarily confined to sectors that are not likely to be proximate to company operations.

Right to Participate in Cultural Life (art. 26) constitutes a medium-risk area in Russia. While the law sufficiently protects the rights of citizens to be involved in their culture and communities, the Council of Europe has expressed its concern about the situation of Russia's 160-plus national minorities and finds the level of state funding for the preservation and development of minority cultures 'inadequate'. Moreover, serious violations of indigenous peoples' traditional way life and culture have previously been reported, but the situation seems to be improving. Company risk in this area deals with company's activities, particularly in hiring, workplace policies, and purchase or use of land, particularly if the company operates in an area where indigenous peoples reside.

Right to Intellectual Property (art. 26) is a medium-risk human rights area for company operations. Though Russia has a basic legal framework to protect intellectual property, enforcement is weak and Russia's face serious copyright piracy problems. The sectors most affected by counterfeiting, black market networks and infringement are fast-moving consumer goods, tobacco, alcohol, personal health care and automobiles.

 COMPANY RISK

The following rights received a green rating in the company risk category in the Russia CRA, indicating that these human rights constitute low-risk risk areas for companies operating in Russia. A short description of each right follows below.

- Right to Freedom from Torture, Cruel, Inhuman, or Degrading Treatment or Punishment (art. 5)
- Right to Fair Trial and Recognition as a Person before the Law (art. 6,7,10 and 11)

Right to Freedom from Torture, Cruel, Inhuman, or Degrading Treatment or Punishment (art. 5) is a low-risk human rights area for company operations. While Russian legislation prohibits torture, cruel, inhuman, or degrading treatment or punishment, the legislation does not comply with international standards. Torture, ill treatment, and abuse of detainees are serious and widespread problems that continue to occur. However, company proximity to violations is very limited and the company will rarely have any direct influence on violations of this right perpetrated in the governmental realm.



Nonetheless, companies should remain vigilant for complicity in government-led violations or violations committed by security forces employed by the company.

Right to Fair Trial and Recognition as a Person before the Law (art. 6,7,10 and 11) is a low-risk human rights area for Russia. The law protects numerous rights associated with a fair and just trial, and international laws and treaties have been ratified regarding these rights. Nevertheless, this right is violated at many levels, including length delays at all stages of the process, lack of presumption of innocence and judicial corruption. Even though company proximity to these violations is low, the company must remain vigilant for complicity.

